

Message Text

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PAGE 01 STATE 051648

62

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WARREN W CLICK, ACTG EXEC VICE PRESIDENT

EB/ODF:RSWART

NEA/ARP: RAHERNE (INFO)

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TO AMEMBASSY JIDDA

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E.O. 11652: N/A

TAGS: APUB, SA

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO SAUDI ARABIAN COMPANY

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF DOLS 1,125,000 TO SAUDI INTERNATIONAL RICE COMPANY, LTD. (SIR). RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D. C. FOR AM PAPERS, WEDNESDAY, MARCH 19, 1975.

QUOTE: EXIMBANK CREDIT OF DOLS 1,125,000 SUPPORTS DOLS 2,573,000 SALE OF US EQUIPMENT FOR RICE MILL TO PRIVATE SAUDI ARABIAN COMPANY

TO HELP FINANCE A DOLS 2,573,000 SALE OF US EQUIPMENT, MATERIALS AND SERVICES REQUIRED FOR THE DESIGN AND CONSTRUCTION OF A RICE MILL IN JEDDAH, SAUDI ARABIA, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED, PURSUANT TO A PRELIMINARY COMMITMENT WHICH WAS ISSUED ON APRIL 23, 1974,
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PAGE 02 STATE 051648

A DIRECT CREDIT OF DOLS 1,125,000 TO FINANCE 44 PERCENT OF THE

TOTAL US COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. EXIMBANK IS ALSO PROVIDING A FINANCIAL GUARANTEE OF A CREDIT OF DOLS 1,125,000 FROM FIRST NATIONAL BANK OF CHICAGO TO FINANCE ANOTHER 44 PERCENT OF THE TOTAL US COSTS. THE OBLIGOR, SAUDI INTERNATIONAL RICE COMPANY, LTD. (SIR), A PRIVATE COMPANY, WILL MAKE CASH PAYMENT OF THE BALANCE OF THE US COSTS OF 12 PERCENT OF 323,000. EXPORTS OF US RICE TO THIS MILL ARE EXPECTED TO BE MORE THAN DOLS 30 MILLION PER YEAR.

THE PROJECT IS FOR DESIGN, EQUIPPING AND CONSTRUCTION OF A RICE MILL LOCATED AT A DEEP WATER PORT IN JEDDAH. THE MILL WILL PERMIT PARTIALLY PROCESSED RICE TO BE SHIPPED MORE EFFICIENTLY IN BULK RATHER THAN AS MILLED RICE IN BAGS. THE BOND ENGINEERING COMPANY OF HOUSTON, TEXAS, WILL ACT AS PRINCIPAL CONTRACTOR AND WILL DESIGN, ENGINEER, AND SUPERVISE CONSTRUCTION OF THE MILL. P. AND S. RICE MILLS, INC., HOUSTON, TEXAS, A SUBSIDIARY OF FOOD CORPORATION INTERNATIONAL, WILL SUPPLY RICE AND LICENSE THE USE OF BRAND NAMES BY THE SAUDI COMPANY UNDER CONTRACT FOR A PERIOD OF 20 YEARS. EQUIPMENT AND FACILITY SUPPLIERS WILL INCLUDE: BROADWAY SHEET METAL, EL CAMPO, TEXAS; CARTER INTERNATIONAL, MINNEAPOLIS, MINNESOTA; BURGESS INDUSTRIES, HOUSTON, TEXAS; MARATHON METALLIC BUILDING CO., HOUSTON, TEXAS; HOW RICHARDSON SCALE CO., CLIFTON, NEW JERSEY; GREENS HARDWARE, CROWLEY, LOUISIANA. THE MILL IS SCHEDULED TO BEGIN OPERATION BY LATE 1975.

THE LOANS ARE TO BE REPAID IN 10 SEMIANNUAL INSTALLMENTS BEGINNING FEBRUARY 10, 1976. EXIMBANK'S DIRECT CREDIT OF DOLS 1,125,000 WILL BE REPAID OUT OF THE LAST 5 INSTALLMENTS AND HAS AN INTEREST RATE OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES, OF ABOUT 9 PERCENT TO 9.25 PERCENT PER ANNUM. UNQUOTE INGERSOLL

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